



Microsoft 365, Dynamics 365, Power Platform, and Windows 365 in the New Commerce Experience

Frequently asked questions

MICROSOFT PARTNER CONFIDENTIAL

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OVERVIEW – THE NEW COMMERCE EXPERIENCE

The new commerce experience was launched in Microsoft's Cloud Solution Provider (CSP) program for Azure plan, Server Subscriptions, and Azure reserved instances in 2019, and over the course of 2021 and 2022, Microsoft will introduce CSP offers for Microsoft 365, Dynamics 365, Power Platform, and Windows 365 to the new commerce platform. The formal launch of seat-based offers in new commerce is currently scheduled for October, 2021. Simultaneously, as part of this launch, an array of new features and functionalities will be introduced to CSP provisioning and billing, in response to partner requests and customer needs.

New commerce in CSP provides partners with greater standardization of offers and terms, gives customers greater choice and flexibility in how/where they buy, and enables partners to sell/upsell to a larger set of existing and new customers. By consolidating Microsoft's sales programs to a single platform, Microsoft will make buying and managing customer assets easier with offers such as perpetual software becoming widely available.

These consolidation efforts will result in a more intuitive and streamlined purchase experience for partners, making it easier to meet the diverse needs of customers and reducing the complexity of the overall sales process between partners and their customers. Microsoft will also bring new and improved deployment, management, and reporting capabilities to Partner Center and Microsoft 365 Admin Center to help partners accelerate customer success alongside Microsoft. Beyond operational costs savings for partners, these new tools create greater opportunity for partners to build a stronger managed services business on top of the Microsoft stack of offers.

GENERAL QUESTIONS

Is Microsoft changing the focus on CSP with the new commerce experience?

No. We will continue to invest in the CSP program as one of our key sales motions for small and mid-sized businesses (SMB), as well as in Microsoft's overall commerce experience, to provide the differentiated offers and capabilities partners need to grow their business.

Will the new commerce changes apply to all types of CSP partners?

Yes, all partner types in CSP (Indirect Provider, direct bill, indirect reseller) will be included in the new commerce experience.

Will I need to sign or accept any new or different agreements?

The Microsoft Partner Agreement that partners accept to activate their CSP tenants will continue to be the standard agreement for partners. Customers will continue to accept the Microsoft Customer Agreement (MCA) that governs their purchases from CSP partners.

How will Microsoft help its partners successfully navigate this change?

Microsoft is committed to managing the new commerce experience migration alongside our partners. Knowing this is a long journey, we commit to engage early and often, ensuring this migration is successful for partners and their customers. We are dedicating internal business and engineering resources to support our partner ecosystem. Partners can expect to receive frequent and relevant communications and support to answer questions and provide further assistance.

What specific benefits will my company receive from this migration?

Here are just some of the enhancements and benefits that partners and customers can take advantage of as a result of this transition:

- More flexibility in provisioning offers, such as a new monthly term that allows customers to cancel at the end of any month with no further payment obligation
- More customer billing options, such as annual billing for multi-year offers
- More options and flexibility in managing subscriptions (e.g., scheduling subscription changes such as SKU conversions at renewal, and the ability for the partner to suspend/resume subscriptions with no cancellation required)
- New subscription upgrade and seat assignment capabilities
- Downloadable pricing data that's also accessible via API

Will legacy and new commerce experiences coexist, and if so, for how long?

Legacy and new commerce offers will be available side by side for provisioning in CSP and Partner Center for a period of time (the exact number of months is to be determined). We want partners to have ample opportunity to become accustomed to the new commerce features and functionalities, migrate legacy subscriptions to the new commerce experience, and adjust customer billing and accounting operations based on the standardized new commerce invoicing process and schedule. The formal announcement for sunsetting the legacy platform and offers will be announced at a later date.

SANDBOX PHASE

What is the *sandbox* phase, and why is it being done?

Starting September 1, 2021, all CSP partners will be able to use their sandbox tenants to test new commerce functionalities and integrate these functionalities with their internal provisioning, billing, and accounting systems via APIs. Technical documentation will be provided for partners to use in this testing and integration effort so they can prepare for the October launch.

During the testing phase, how will I be able to compare the new platform to the current one?

In the sandbox testing, qualified partners will have the existing and new commerce functionality and offers side by side, and will be able to toggle between the two environments for comparison purposes.

SALES AND PROFITABILITY IN NEW COMMERCE

How will the new commerce experience affect partner profitability?

The new commerce experience in CSP will help increase profitability for partners by providing a durable and scalable business model and improving operational efficiency in the CSP program. With the new cancellation policy and premium pricing for the new monthly term offers, the new commerce experience encourages customers to commit to long-term subscription ownership and leverage the CSP program benefits, including the partners' bundling of Microsoft offers with their own solutions, IP, and value-added services. Partners will also be able to monetize the flexibility of the monthly subscription term, and to increase customer lifetime value with the ability to upgrade to Enterprise SKUs in the middle of the term (not enabled for Windows 365 offers). Finally, the new commerce experience will improve subscription-management capabilities, optimize offer ingestion, and increase accounting efficiency.

What does this mean for customers who have both on-premise and cloud solutions?

Beyond working for every customer, and every market, the new sales experience will provide a catalog of offers that can be purchased through Microsoft for every product we offer both directly or through a partner.

Does the new cancellation policy apply to all subscriptions in CSP?

No, it applies only to license-based/seat-based subscriptions such as M365, D365, and Windows 365, which are billed in advance. Azure subscriptions are billed based on consumption over the previous month, so cancellation would simply end consumption and therefore the billing.

What are the refund policies for cancellation?

A partner can receive a prorated refund of the initial subscription payment of the term only within the first 72 hours after the order is placed or renewed. After 72 hours of the term, the subscription cannot be canceled and payment for the remainder of the term must be made.

Why do monthly term subscriptions cost more than annual-term ones in new commerce?

The new monthly term subscriptions in new commerce are billed by Microsoft at a 20% higher price than annual-term offers of the same type because they give the partner the ability to cancel on behalf of the customer at any time without incurring additional payments for the remainder of an annual term. The premium pricing is in line with standard practice in the Microsoft Web Direct program and in other industries – for example, an airline ticket with a higher price that’s refundable instead of a lower-priced non-refundable ticket.

Will Microsoft publicly disclose the percentage of the pricing uplift on monthly term offers compared to annual term offers in new commerce?

Microsoft does not publicly disclose pricing details. Instead, CSP pricelists will reflect the difference in term pricing (in this case, the 20% premium pricing for monthly term offers). Partners are allowed to disclose this pricing information to their resellers and/or customers if they choose to.

When I transition legacy annual-term customers to new annual or multi-year offers, how can I explain why the cancellation policy will be enforced?

The cancellation-policy enforcement in the new commerce experience is aligned with similar standard policies both within Microsoft and of competitors. In the new commerce experience, customers are rewarded with more favorable pricing for longer terms in which pricing is locked in for the entire term, as opposed to monthly term subscriptions that have a higher price at time of purchase and are subject to price increases month to month.

When I suspend a customer’s subscription for non-payment or if the customer is temporarily unable to use the subscription due to business disruption, how do I resume the active subscription when the customer is paying again or their situation returns to normal?

To resume a subscription, you would simply need to go to the subscription account in your tenant and change the status from “Suspended” to “Active.” The customer’s access to the subscription would then be restored with no loss of data or user accounts. You can perform this resumption step at any time during the subscription term, unlike the legacy experience in which a suspended subscription automatically expired 90 days after suspension. Note, however, that unlike legacy, the billing for the subscription will continue during the period of suspension.

To which new commerce offers should I transition my legacy subscription customers?

The transition to the new commerce experience is the time to assess each customer's needs and develop a holistic transformation strategy, including an opportunity to increase seat counts, plan for upgrades, and upsell other solutions and value-added services.

For example:

--Customers with a stable or expanding workforce will be attracted to annual or multi-year term offers due to price predictability. Even with the enforcement of the new cancellation policy in the new commerce experience, those customers will be able to cancel a subscription within first 72 hours of each annual term.

--Customers with variability in workforce due to seasonality or business uncertainty will likely prefer monthly term offers that allow cancellation or seat reduction in any month.

Which new capabilities and benefits will the new experience bring to customers?

In this release customers will get faster time to value with more efficient subscription management and offers to meet different customer's needs. Customers will save time with automatic seat assignment for Enterprise level SKUs and trial auto-conversion (not enabled for Windows 365). New customers sensitive to cancellation flexibility will benefit from brand new monthly term offers that will allow to cancel a subscription in any month without penalty. All customers will have more billing options such as annual billing for multi-year term plans in addition to monthly and upfront billing and early payoff for an annual subscription. They will also be able to schedule trial conversion to a different seat count, billing, or term.

Will there be a provision to cancel an annual-term or multi-year subscription if a customer goes bankrupt or stops paying?

We encourage partners to perform credit-worthiness checks on customers and to advise customers with uncertain financial situations to consider purchasing monthly term subscriptions. These best practices protect the partner from becoming liable for the total cost of an annual-term subscription in the new commerce experience if the customer cannot pay for the entire term.

Can I move a customer’s subscription from legacy to new commerce on my tenant as well as from another CSP partner’s tenant?

Yes, though in each case you aren’t actually “moving” a subscription to the new commerce experience – instead, you’re simply placing an order for a new subscription in new commerce for that same customer tenant. For example:

- For a subscription that’s already on legacy, you would create a subscription order for the same SKU/offer with the same number of seats (if applicable) on new commerce and then suspend the original subscription on legacy (billing would stop and the subscription would expire at the end of the term).
- For a subscription provisioned by another partner, you would first make sure a reseller relationship is established with the customer and your tenant, and then you would, as above, place an order for the same subscription with same number of seats on your tenant. The customer would then need to have the original subscription suspended by the other CSP partner tenant to prevent double-billing.
- Note: When new commerce in CSP launches for all CSP partners in October, a tool will be provided to allow partners to migrate existing subscriptions to new commerce automatically in batches or individually.

Can monthly term subscriptions be changed to annual term easily in new commerce? Some businesses need subscriptions or additional seats only during peak times of year, for example.

Yes, a customer’s subscription can be changed from monthly term to annual term in new commerce. The following month’s reconciliation file will include a credit for the prorated difference that is paid in advance (reflecting the 20% less expensive price for annual), and the annual term charge will be effective from the date the subscription term is changed.

Will I be able to sell Windows 365 as part of the new commerce experience in CSP?

Windows 365, [announced in July 2021](#) and launched as a product in August 2021, is the world’s first cloud PC for every organization, securely streaming the Windows experience -- including desktop, apps, processing power, storage, and more -- to any customer device.^{1,2} The cloud PC experience can scale to fit customers’ needs and is easy to deploy without the need for VDI expertise.

Windows 365 will be available in the legacy CSP experience in August 2021, and in CSP new commerce in October 2021. The following options and conditions apply to Windows 365 in CSP new commerce:

- It will be available only through the new monthly term offer (compared with availability only with annual terms in the current CSP experience).
- The pricing for the monthly term offer for Windows 365 in new commerce will be the same as for annual term seat-based offers.
- The monthly term option in new commerce allows customers to try Windows 365 with no long-term commitment and to adjust the number of users monthly with per user pricing.
- The same cancellation policy applies to Windows 365 in new commerce that’s in effect for all other seat-based offers.
- Any promos that are available for other seat-based offers in new commerce will not apply to Windows 365.

--Lastly, new Windows 365 features and future enhancements will only be made available on the new commerce offer in CSP.

¹ Internet access required, fees may apply.

² Please see [Windows 365 FAQ](#) for a list of supported devices.

Can monthly term subscriptions be changed to annual term easily in new commerce? Some industries need subscriptions only at peak times of the year, for example.

Yes, a customer's subscription can be changed from monthly term to annual term in new commerce. The following month's reconciliation file will include a credit for the prorated difference that is paid in advance (reflecting the 20% less expensive price for annual), and the annual term charge will be effective from the date the subscription term is changed.

Can the customer combine annual and monthly terms – for example, if the customer had a core set of users on the annual term and more seasonal users on the monthly term?

Yes, the customer could have both a monthly term and an annual term subscription for the same seat-based offer at the same time with the appropriate number of seats in each term to accommodate its permanent and seasonal employees.

Will a customer be able to increase or reduce seat counts on a subscription in the middle of the term in new commerce?

The seat count on a subscription can be increased during the middle of an annual term, with billing adjustments reflected on the next invoice and reconciliation file. But if more than 72 hours have elapsed since the subscription order was placed or renewed, the seat count cannot be decreased until next renewal of the subscription. This policy is in line with current market practices for per user subscription plans. For monthly term subscriptions, the seat count can be increased or decreased at any time. A seat-count decrease within the first 72 hours of a subscription term (after either initial purchase or renewal) can be made via self-serve in Partner Center or through the API.

With the new commerce experience for seat-based subscriptions, when a customer purchases an annual-term subscription from Partner A, are they allowed to move that subscription to Partner B within that year's term? Or are they locked in with Partner A until the term ends at the end of the year?

No, moving subscriptions across partners is not a supported feature. Partners can cancel subscriptions but must adhere to the cancellation policies regarding their committed term. For example, if the customer purchases a subscription from Partner B after the first 72 hours of the term of the subscription purchased from Partner A, the Partner A will not be able to cancel that original subscription on behalf of the customer and there will not be any refund for the remainder of the annual term of the subscription with Partner A. In that case, it would be best for the customer to wait until the time of renewal of the Partner A subscription to purchase the same SKU from Partner B and then to not renew the subscription with Partner A.

With an upgrade from E3 to E5, for example, how long does the customer have to move users to new SKU?

After an upgrade from E3 to E5 the customer might have more assigned seats than purchased seats for E3. There is no enforcement or duration within which the customer has to reassign licenses from E3 to E5, but they would get an alert message in M365 Admin Center saying that they are at risk of being non-compliant.

OPERATIONAL CHANGES FOR PARTNERS

I'm billed by Microsoft for Azure plan subscriptions on the 8th of each month. Will that be the case for Microsoft 365 and other license-based offers?

Yes, once Microsoft 365, Dynamics 365, Power Platform, and other license-based subscription offers in CSP are migrated to the new commerce platform, all monthly partner invoices will be posted in the partner tenants between the sixth and eighth day of each month. As a result, partners should adjust their internal accounting and billing schedules and systems to accommodate this standardized new commerce billing date.

Along with the invoice changes, will the monthly pricing lists reconciliation files be provided differently?

Yes, as part of the addition of license-based offers to new commerce, partners in CSP will be able to integrate monthly pricing lists via API and will be provided with access to a single reconciliation file updated hourly that's customizable to meet the partner's accounting needs and the reduce the size of the file for easier download and integration in the partner's system.

Will my CSP tenant in Partner Center be changing to a different sales platform or user interface as a result of the new commerce migration?

No, you will continue to use your Partner Center tenant (or your own CRM system integrated with Partner Center via API), but there will be new UI features and functionalities that enable the new subscription-management capabilities that are included in this release.

When all of the seat-based offers are added to new commerce, will I still be able to order subscriptions from the legacy system?

Yes, legacy and new commerce offer SKUs will exist side-by-side in the CSP subscription catalog for a period of time (the exact number of months is to be determined). Any subscription order placed in the new commerce experience will be billed on the standard new commerce invoice schedule of the sixth to eighth day of every month, instead of the monthly billing date that the partner chose during enrollment.

In new commerce, will partners be billed in the currency of the partner country or the currency of the customer's country? This is of particular concern in Europe.

All types of CSP offers purchased in new commerce will be billed to the partner in the currency of the partner's tenant country, not the currency of the customer's country. This is a change from the original billing policy in new commerce that applied to Azure plan, Azure RI, and Software Subscriptions.

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